

IRVIN CORLEY, JR.  
DIRECTOR  
(313) 224-1076

**City of Detroit**  
CITY COUNCIL  
FISCAL ANALYSIS DIVISION  
Coleman A. Young Municipal Center  
2 Woodward Avenue, Suite 218  
Detroit, Michigan 48226  
FAX: (313) 224-2783  
E-Mail: irvin@cnci.ci.detroit.mi.us

ANNE MARIE LANGAN  
DEPUTY DIRECTOR  
(313) 224-1078

TO: Pamela Turner, Director  
Detroit Water & Sewerage Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director **ly.**

DATE: May 5, 2009

RE: 2009-2010 Budget Analysis (Sewerage Department)

Attached is our budget analysis regarding your department's budget for the upcoming 2009-2010 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Thursday, May 7, 2009 at 3:00 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Joseph Harris, Chief Financial Officer  
Pam Scales, Budget Department Director  
Ervin Stewart, Budget Department Team Leader  
Arese Robinson, Mayor's Office

## **Sewerage Department (42)**

### **FY 2009-2010 Budget Analysis by the Fiscal Analysis Department**

#### **Summary**

The Sewerage Department is an Enterprise Agency that is administratively part of the Detroit Water and Sewerage Department (DWSD). It is maintained as a separate fund in the City of Detroit's accounting system.

The Mayor's Proposed Budget for 2009-2010 includes total appropriations and revenues of \$490,133,497, leaving a net tax cost to the City of \$0. This is an increase of \$57,577,879. The increase is primarily due to the project borrowings.

#### **2008-2009 Surplus/Deficit**

There is no projected surplus or deficit for the Sewerage Department for fiscal year 2008-2009.

#### **Sewerage (42)**

Budgeted Professional and Contractual Services by Activity	FY 2008-09 Budget	FY 2009-10 Recommended	Increase (Decrease)
Administrative Services	\$ 3,640,000	\$ 3,340,000	\$ (300,000)
Public Affairs Group-Sewerage	\$ -	\$ -	\$ -
IT & System Integration	\$ -	\$ -	\$ -
Financial Services	\$ -	\$ -	\$ -
Asset Management	\$ 2,578,000	\$ 3,498,605	\$ 920,605
Engineering Services-Sewage	\$ -	\$ -	\$ -
Sewer Operations	\$ 25,098,477	\$ 21,918,638	\$ (3,179,839)
Sewerage-Capital & Debt Service	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 31,316,477</b>	<b>\$ 28,757,243</b>	<b>\$ (2,559,234)</b>

#### **Overtime**

The Mayor's Proposed Budget for 2009-2010 includes \$6,158,735 for overtime in the Sewerage Department. This amount is \$251,614 less than the 2008-2009 Budget of \$6,410,349. As of March 31, 2009, the Sewerage Department has expended \$4,484,165 in overtime.

#### **Personnel and Turnover Savings**

There are no projected personnel and turnover savings for fiscal year 2009-2010.

Redbook Positions	Filled Positions	Mayor's Budget Positions	Over/(Under) Actual to	Mayor's Recommended
----------------------	---------------------	--------------------------------	---------------------------	------------------------

<u>Appropriation/Program</u>	<u>FY 2008-09</u>	<u>3/31/2009</u>	<u>FY 2009-10</u>	<u>08/09 Budget</u>	<u>Turnover</u>
<b>Sewerage (42)</b>					
421030 Document Management	7	5	7	(2)	\$ -
421070 Safety	6	1	6	(5)	\$ -
421090 Ofc. Of Program Management Asst.	17	16	17	(1)	\$ -
421100 Print Shop	3	2	3	(1)	\$ -
<b>00089 Administration</b>	<b>33</b>	<b>24</b>	<b>33</b>	<b>(9)</b>	<b>\$ -</b>
425010 Ofc. of Asst. Dir. of Wastewtr. Opns.	6	4	6	(2)	\$ -
425020 Plant Administration	876	589	882	(287)	\$ -
425140 I.W.C. Field Monitoring	112	69	112	(43)	\$ -
<b>00162 Wastewater Plant Operations</b>	<b>994</b>	<b>662</b>	<b>1,000</b>	<b>(332)</b>	<b>\$ -</b>
<b>05831 Engineering Services-Sewage</b>	<b>124</b>	<b>78</b>	<b>124</b>	<b>(46)</b>	<b>\$ -</b>
42XXXX Leave of Absence	0	5	0	5	\$ -
42XXXX Worker's Comp.	0	(4)	0	(4)	\$ -
42XXXX Unmatched Positions	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>\$ -</u>
<b>TOTAL</b>	<b><u>1,151</u></b>	<b><u>766</u></b>	<b><u>1,157</u></b>	<b><u>(385)</u></b>	<b><u>\$ -</u></b>

### Projected Layoffs and Position Changes

There are no proposed layoffs for the Sewerage Department in the Mayor's Proposed Budget for 2009-2010. The Mayor's Proposed Budget for 2009-2010 includes an increase of six positions by transfer in the Sewerage Department.

### Significant Funding Changes by Appropriation

#### Appro.   Program

00089   Administration

The Mayor's Proposed Budget for 2009-2010 includes \$8,772,705 for the Administrative Services of the Sewerage Department, which represents a decrease of \$19,102,997 from the 2007-2008 Budget of \$27,875,702. The decrease is mainly due to the shifting of the Public Affairs Division, Commercial Division and Meter Operations Division into the Public Affairs Group appropriation (12759).

The \$19,102,997 decrease is due to a \$4,445,245 decrease in Salaries and Wages, a \$2,738,300 decrease in Employee Benefits, a \$300,000 decrease in Professional Services, a \$75,000 decrease in Operating Supplies, a \$2,165,830 decrease in Operating Services, and a \$4,212,219 decrease in Other Expenses.

12759   Public   Affairs  
Group

The Mayor's Proposed Budget for 2009-2010 includes a total of \$10,872,820. There was no appropriation budgeted in 2008-2009.

This division was included previously in the Administration appropriation (Appropriation 00089).

12449    Information Technology and Systems Integration and Organization Operations    The Mayor's Proposed Budget for 2009-2010 includes a total of \$11,205,192, which represents a decrease of \$33,297 from the 2008-2009 Budget of \$11,171,895. The decrease is mainly due to the decrease of \$811,628 in Operating Services.

The decrease of \$33,297 is due to a decrease of \$811,628 in Operating Services, a decrease of \$219,389 in Other Expenses, a decrease of \$75,000 in Operating Supplies, an increase of \$593,863 in Salary and Wages, and an increase of \$545,351 in Employee Benefits.

00090    Financial Services Group    The Mayor's Proposed Budget for 2009-2010 includes \$6,330,288 for the Financial Services Group, which represents an increase of \$1,099,309 from the 2008-2009 Budget of \$5,230,979.

The \$1,099,309 increase is due to an increase of \$735,000 in Operating Services, a \$223,829 increase in Employee Benefits, a \$188,716 increase in Salary & Wages offset by a \$34,663 decrease in Other Expenses, and a \$13,573 decrease in Operating Supplies.

00161    Asset Maintenance Group    The Mayor's Proposed Budget for 2009-2010 includes \$20,996,363 for the Asset Management Group, which represents an increase of \$7,916,224 from the 2008-2009 Budget of \$13,080,139.

The increase is mainly due to an increase of \$4,251,980 in Salaries and Wages, a \$3,367,105 increase in Employee Benefits, a \$920,605 increase in Professional and Contractual Services, a \$260,600 increase in Operating Services, and a \$400,000 increase in Capital Outlays, offset by a \$1,049,566 decrease in Other Expenses, and a decrease of \$234,500 in Operating Supplies.

05831    Engineering Services    The Mayor's Proposed Budget for 2009-2010 includes \$3,673,784 for Engineering Services, which represents an increase of \$871,106 from the 2008-2009 Budget of \$2,802,678.

The increase is largely due to an increase of \$675,933 in Employee Benefits, an increase of

\$492,826 in Other Expenses and an increase of \$122,674 in Operating Services, offset by a decrease of \$307,495 in Salary and Wages and a decrease of \$112,832 in Operating Supplies.

00162 Wastewater Plant Operations The Mayor's Proposed Budget for 2009-2010 includes \$139,393,145 for Wastewater Plant Operations, which represents a decrease of \$3,044,130 from the 2008-2009 Budget of \$142,437,275. However, there is an increase of six positions.

The decrease is largely due to a decrease of \$7,471,568 in Salaries and Wages, a \$3,179,839 decrease in Professional and Contractual Services, offset by an increase of \$4,841,395 in Employee Benefits, an increase of \$1,647,955 in Other Expenses, an increase of \$1,043,200 in Operating Services and an increase of \$74,727 in Operating Supplies.

00168 Bond Principle & Interest Redemption Fund The Mayor's Proposed Budget for 2009-2010 includes \$288,889,200 under appropriations 00168, 00169, 00443, 05735 and 12139 for the Bond Principle & Interest Redemption Fund appropriation, which represents an increase of \$58,932,250 from the 2008-2009 Budget of \$229,956,950.

The increase is largely due to the \$36,625,250 in Other Expenses.

### Significant Revenue Changes

<u>Revenue</u>	<u>Project</u>	
00838	State Revenue Sharing	The Mayor's Proposed Budget for 2009-2010 includes \$63,617,900 for State Revenue Sharing, which represents an increase of \$59,816,500 from the 2008-2009 Budget of \$3,801,400.

The increase is primarily due to an increase in Project Borrowings from the State's Revolving Loan Fund.

04828	Revenue-Sewerage Receiving	The Mayor's Proposed Budget for 2009-2010 includes revenue of \$420,143,297, a decrease of \$1,242,921 from the 2008-2009 Budget of \$421,386,218.
-------	----------------------------	--

decrease of \$6,704,300 in Sewage Treatment Sales, a \$396,221 decrease in revenue from Miscellaneous Receipts, offset by a \$5,314,100 increase in Sewage Treatment, a \$500,000 increase in Other Fees and a \$43,500 increase in Pollutant Surcharges.

04829      Revenue-Sewerage      The Mayor's Proposed Budget for 2009-2010  
Operation-      includes revenue of \$1,034,900, an increase of  
Maintenance      \$339,200 from the 2008-2009 Budget of  
\$695,700.

This is due to an increase from the earnings on investment.

00168      Interest and Bond      The Mayor's Proposed Budget for 2009-2010  
Redemption      includes revenue of \$3,935,300, a decrease of  
\$944,500 from the 2008-2009 Budget of  
\$4,879,800.

The decrease is due to a decrease from the earnings on investments.

00169      Sewerage System      The Mayor's Proposed Budget for 2009-2010  
Improvements      includes \$194,700 a decrease of \$391,800 from  
the 2008-2009 Budget of \$586,500.

The decrease is due to a decrease from the earnings on investments.

00443      Extraordinary      The Mayor's Proposed Budget for 2009-2010  
Repairs      includes \$1,207,400, which represents an  
Replacement      increase of \$1,400 from the 2008-2009 Budget of  
\$1,206,000.

The increase is due to an increase from the earnings on investments.

### Issues and Questions

#### **MAJOR INITIATIVES SECTION FY 2008-09**

#### ***Public Affairs Group***

1.      Has there been an upgrade of the CBMS to include online account inquiry and payment? If not, what is the status?
2.      What is the status of the meter change out to automated meter readings for the Detroit residents? When do you anticipate completion of this project?

3. What type of savings do you foresee with this automated meter reading change?
4. What types of challenges have occurred with the automated meter reading change?

*Information Technology and Systems (ITS) Integration and Operation Group*

1. What is the status for upgrading the business network storage operation?
2. Why isn't there a budgeted amount set aside for operating supplies?

*Asset Maintenance Group*

1. Why is there a recommended increase of \$7.92 million in this program?

*Financial Services Group*

1. What is the Check Freepay network and has the payment locations for retail customers increased through the use of it?

**GENERAL: REVENUES**

1. What makes up your Miscellaneous Receipts?
2. Why is there a significant decrease in revenues from Miscellaneous Receipts and Sewage Treatment Sales from 2008-2009 Budget to 2009-2010 Budget?